



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Chief Administrative Officer

Board of Supervisors
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First District

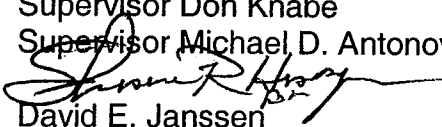
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Second District

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Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

June 5, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Budget Conference Committee

The Budget Conference Committee began the task of reconciling the differences between the Assembly and Senate versions of the FY 2007-08 State Budget on Friday, June 1, 2007, and continued its deliberations all day Saturday, June 2, 2007. None of this year's conferees are from Los Angeles County. The Conference Committee members are:

Assembly

John Laird, Chair (D - Santa Cruz)
Mark Leno (D - San Francisco)
Roger Niello (R - Sacramento)

Senate

Denise Ducheny (D - San Diego)
Dennis Hollingsworth (R - Murrieta)
Mike Machado (D - Linden)

Assembly Member Laird's opening remarks focused primarily on process, but he noted that Proposition 98, which provides K-14 schools a guaranteed funding source through

a complex formula, is fully funded. Senator Ducheny indicated her concern to adopt a fiscally responsible budget. In addition, the Senator acknowledged the need to recognize that future State Budget proposals will face significant fiscal risks, such as the exorbitant cost increases in corrections. Senator Hollingsworth and Assembly Member Niello spoke about adopting a budget that contains no new taxes or fees, reduces the State's operating deficit, and keeps expenditures in line with revenues.

Through June 2, 2007, the Conference Committee has held most of the issues relating to the November 2006 voter-approved infrastructure bonds open and established a special working group to review and make recommendations on these items.

The Committee took action on the following issues of interest to the County:

Proposition 36 Program. The Conference Committee approved the Senate proposal to fund Proposition 36 at \$120 million and the Offender Treatment Program at \$40 million for a total of \$160 million in FY 2007-08. The proposal was approved on a party line vote of 2 to 1 in the Assembly and 2 to 1 in the Senate. The County supported the Senate proposal for increased funding for this program.

Kin-GAP Program. The Conference Committee approved the Assembly proposal to augment the Kin-GAP Program by \$1.012 million and to eliminate the 50 percent county share of cost for the supplemental clothing allowance benefit.

Cash Assistance Program for Immigrants (CAPI). The Conference Committee reached a compromise agreement and approved the Assembly proposed Trailer Bill Language to permit CAPI recipients who naturalize to continue to receive State CAPI benefits pending approval of Federal Supplemental Security Income benefits.

Medi-Cal County Performance Standards. The Conference Committee approved the Assembly proposal to reject the Governor's Budget proposal to increase the county Medi-Cal eligibility performance standard from 90 percent to 95 percent. Committee members expressed concern about increasing county performance standards pending additional workload that counties will assume to document citizenship for Medi-Cal applicants required by the Federal Deficit Reduction Act of 2005. The Department of Finance (DOF) concurred with the Conference Committee action and agreed to work with the California Welfare Director's Association on this issue.

The following issues of interest to the County remain open:

Adult Protective Services Program (APS). The Senate proposes to augment the Adult Protective Services Program by \$10 million and the Assembly proposes a \$12 million augmentation. Assembly Conferees expressed strong support for their request to address the increased demand for services for this program. The Legislative Analyst's Office staff voiced concern that approving additional funding for this program would take away funds from other State General Fund priorities. While Senate members expressed some interest to approve the \$12 million augmentation, the Committee held this item open. The County supports the Assembly proposal for a \$12 million augmentation for the APS Program.

Integrated Services for Homeless Adult with Serious Mental Illness (AB 2034) Program. The Conference Committee had a lengthy discussion on the AB 2034 Program which provides outreach and integrated community based services to homeless individuals with serious mental illness. The Governor's Proposed Budget eliminated all funding and recommended that counties backfill their AB 2034 programs with Mental Health Services Act (MHSA) funds. However, the MHSA explicitly prohibits the use of these funds to supplant funding for existing programs. The Senate proposes to restore \$54.9 million for this program, but the Assembly did not adopt the restoration.

Senator Ducheny explained how well this cost-effective program is working in 34 counties, and that without it, the State and counties are likely to see population increases in the corrections system, which is contrary to recently enacted prison reform. She stated it would be short-sighted on the State's part not to fund the program, and indicated that many people who have participated in the program are now employed, paying taxes, and no longer receiving public benefits. She also advised DOF to consider the legal costs when the State is sued for violating the provisions of the MHSA. Despite the extensive discussion, the Conference Committee held this item open. The County supports the Senate's proposal to restore \$54.9 million for the AB 2034 Program to continue services at the current year level.

Transitional Housing Program-Plus (THP-Plus). The Governor's Proposed Budget included \$15.5 million for the THP-Plus Program which provides supportive services to help emancipated foster youth between 18 and 24 years of age. The Senate proposes a \$19.7 million augmentation for the program, while the Assembly did not take any action on this item. The Conference Committee held this item open. The County supports the Senate's proposal to augment program funding by \$19.7 million.

Long Beach Courthouse. The Conference Committee did not act on the proposal to include Trailer Bill Language to authorize a public/private partnership approach to the replacement of the Long Beach Courthouse, pending the development of final

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language. The Senate proposes \$5,889,000 to buy out the equity interests of the County and of the City of Long Beach. This item remains open.

Trial Court Security. The Conference Committee members had a brief discussion about the need for more information about the long-term fiscal impact and actual need for increased security costs, but the Committee did not act on the May Revision proposal to increase trial court security funding by \$36.6 million. The Senate proposes to reduce that amount from \$36.6 million to \$25 million, while the Assembly rejected any increase in funding. The issue is important to the Sheriff's Department because it provides court security. This item remains open.

The Conference Committee met yesterday afternoon with the goal to complete its first review of the agenda. A report of yesterday's Committee actions will be issued shortly.

DEJ:GK
MAL:MR:hg

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants